

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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Postal Rate and Fee Changes, 1997

Docket No. R97-1

REPLY BRIEF
OF MAIL ADVERTISING SERVICE
ASSOCIATION INTERNATIONAL

MASA submits this Reply Brief to respond to certain arguments made in the Initial Briefs of the Postal Service and intervenors in this matter.

I. THE POSTAL SERVICE'S ALTERNATIVE DESTINATION ENTRY DISCOUNT PROPOSAL IS AN ACCEPTABLE SUBSTITUTE FOR THE ANDREW PROPOSAL.

In its Initial Brief, MASA urged the Commission to accept the proposal of AMMA witness Andrew to expand the drop ship discount differential in Standard (A) to four-tenths of a cent, but to reject that aspect of the Andrew proposal that would require an increase in the basic rates from which the discounts are deducted. The Postal Service in its Initial Brief (at V-179) argued that the concerns of mailers -- that the proposed differential of three tenths of a cent provided an insufficient incentive to drop ship -- could be addressed by maintaining the

current five-tenths of a cent discount differential between DBMC and the DSCF. As witness Moeller testified, this latter proposal could be adopted without any increase to basic rates.

MASA agrees that maintaining the existing five-tenths of a cent differential without raising basic rates would address in large part the concern that the shrinking differential in the original Postal Service proposal provided insufficient incentive for mailers to drop ship. In the event the Rate Commission determines that it cannot adopt the Andrew discount differential proposal without raising basis rates, MASA urges the Commission to accept the Postal Service proposal to maintain the current five-tenths of a cent differential between DBMC and DSCF.

II. MASA URGES THE COMMISSION TO REJECT THE PROPOSALS OF OCA WITH RESPECT TO THE REVENUE REQUIREMENT.

The OCA proposes two methods for dealing with what may be characterized on this record as the Postal Service over-estimate of its revenue requirement. The first of the OCA's proposals is to retain the First-Class 32-cent stamp rate and to impose additional costs on Standard (A) mailers. The second is to reject the Postal Service's entire request for recommended decision on the ground that it has not demonstrated that proposed rates will cause the Postal Service to achieve break even in the test year. (OCA Brief at 20, 33.)

MASA notes, for the record, that it objects strenuously to both of these proposals. The initial brief of AMMA, et al. regarding the revenue requirement sets forth in detail the reasons why the two OCA proposals are illegal and ill-advised. MASA adopts the arguments set forth in that brief at pages 2-6. MASA wishes to make clear, however, that it does not adopt the balance of the AMMA, et al. initial brief on revenue requirement. Specifically, MASA does

not believe that it is the prerogative of the Rate Commission to instruct or advise the Board of Governors with respect to the proper implementation date for new rates and classifications recommended by the Commission.

Respectfully submitted,

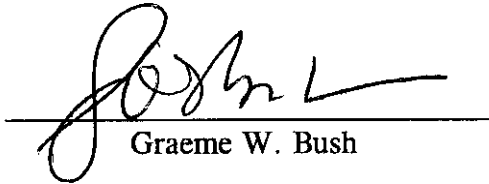
A handwritten signature in black ink, appearing to read 'Graeme W. Bush', written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that I have on this date served this document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


Graeme W. Bush

April 10, 1998